GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:4624
ANSWERED ON:30.03.2017
Withholding of Margin Money
Mahendran Shri C.

Will the Minister of TEXTILES be pleased to state:

(a) the details of policy or practice for withholding margin money paid by firms/companies under RBI 20:80 Gold Import Policy to the Handicrafts and Handlooms Export Corporation of India Limited (HHEC);

(b) the total amount so far refunded or withheld wholly or partially after expiry of agreements between firms/companies and HHEC; and

(c) the authority under which the said amounts are withheld and interest payable for accumulated margin money with interest rate and the period thereof, company-wise?

Answer

MINISTER OF STATE FOR TEXTILES
(SHRI AJAY TAMTA)

(a): There is no RBI policy or practice for withholding margin money under RBI 20:80 Gold Import Policy to the Handicrafts and Handlooms Exports Corporation of India Limited. However HHEC has framed a policy with respect to the requirement of said RBI 20:80 policy. As per agreement framed under the policy, the following procedures for margin money was practiced:-

(i) The buyer shall pay interest free margin money @5% of indented value of the gold at the time of placing the indent for import of gold to HHEC on its behalf. Margin money shall be adjusted upon final delivery of the gold meant for export & domestic consumption on pro-rata basis after adjustment of any dues, amount arising out of forex fluctuation, bank charges, any expenditure etc.

(ii) Margin money @30% (Interest free) of the value of gold towards custom duty, VAT, statutory duties as applicable from time to time is deposited with HHEC. HHEC shall release 50 per cent of the said amount at the time of delivery of gold meant for export only after receipt of the proof of export of gold by the buyer and the balance amount shall be paid only after receipt of Bank Realization certificate and release of bond by the custom authorities for the exported gold jewellery.

(iii) Any sum of money due and payable to the Buyer (including the security deposit returnable to him) under that contract may be withheld or retained by way of lien by HHEC against any claim of HHEC in respect of payment of a sum of money arising out of or under any other contract entered into by the Buyer with HHEC.

(b): The margin money collected by HHEC as per the agreement framed by HHEC under the policy of RBI 20:80 Gold Import was released in the form of refund or adjustment against any dues payable to HHEC. No amount is withheld under margin money account. The total amount of margin money received & subsequently refunded/adjusted is Rs. 176.80 Crores.

(c): No margin money under 20:80 Scheme of RBI was withheld.

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